

## Message Text

CONFIDENTIAL

PAGE 01 NEW DE 06195 291334Z  
ACTION NEA-10

INFO OCT-01 EUR-12 ISO-00 NEAE-00 IO-13 L-03 H-01  
PA-01 PRS-01 AID-05 CIAE-00 COME-00 EB-08 FRB-03  
INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02 OPIC-03  
SP-02 LAB-04 SIL-01 OMB-01 /084 W  
-----291358Z 050667 /53

P R 291209Z APR 77  
FM AMEMBASSY NEW DELHI  
TO SECSTATE WASHDC PRIORITY 3059  
AMEMBASSY VIENNA  
AMCONSUL BOMBAY  
AMCONSUL CALCUTTA  
AMCONSUL MADRAS

C O N F I D E N T I A L NEW DELHI 6195

E.O. 11652: GDS  
TAGS: BENC, IN  
SUBJECT: INDIAN SPONGE IRON PROJECT

REF: NEW DELHI 6061

1. THE LOCAL PRESS REPORTED ON APRIL 29 THAT THE DELHI HIGH COURT ADMITTED A WRIT PETITION FILED BY A FORMER DIRECTOR OF THE PLANNING COMMISSION CHALLENGING HIS DETENTION UNDER THE MISA. THE CASE OF THE PETITIONER IS THAT HIS DETENTION WAS ORDERED BY ADIL SHAHRYAR AND SANJAY GANDHI BECAUSE HE HAD STOOD IN THE WAY OF A PROPOSAL OF THE ANDHRA PRADESH INDUSTRIAL CORPORATION TO ESTABLISH A SPONG IRON PLANT AIDED BY THE UNDP. ACCORDING TO THE PRESS, THE PROPOSAL WAS BASED ON AMERICAN TECHNOLOGY AND THE NAME OF THE AMERICAN COMPANY WHICH WAS TO PROVIDE THE TECHNOLOGY WAS ALLIS CHALMERS CORPORATION. THE PRESS STATES MR. SANJAY GANDHI WAS ASSOCIATED WITH MR. SHAHRYAR AND REPORTS THAT IT WAS ALLEGED THAT THIRD DEGREE METHODS WERE USED ON THE PETITIONER BY THE POLICE OFFICERS, THEREBY EXTORTING A CONFESSION BEFORE A MAGISTRATE.  
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2. AS THE DEPARTMENT IS AWARE, ALLIS CHALMERS HAS A REPRESENTATIONAL AGREEMENT WITH ADIL SHAHRYAR, WHO IS THE SON OF MOHAMMED YUNUS, THE FORMER SPECIAL ENVOY OF PRIME MINISTER GANDHI. WHILE THIS ASSOCIATION OBVIOUSLY HELPED THE AC CAUSE BEFORE THE ELECTION AND PROBABLY SAVED THE CONTRACT FROM BEING AWARDED TO LURGI, IT IS NOW A DISTINCT LIABILITY UNDER

THE NEW GOVERNMENT. BECAUSE THE ISSUE HAS NOW BEEN PUBLICLY  
POLITICIZED, WE DOUBT WHETHER THE NEW GOVERNMENT CAN AWARD THE  
CONTRACT TO AC, AND WE THINK THE BEST THAT CAN BE HOPED FOR  
IS A DELAY.  
SCHNEIDER

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01-Jan-1994 12:00:00 am  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** n/a  
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**Copy:** SINGLE  
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**Decaption Date:** 01-Jan-1960 12:00:00 am  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1977NEWDE06195  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** GS  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D770150-0489  
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**Previous Handling Restrictions:** n/a  
**Reference:** 77 NEW DELHI 6061  
**Retention:** 0  
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**Review Event:**  
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**Review Release Event:** n/a  
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**TAGS:** BENC, IN  
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**Type:** TE  
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**Review Markings:**  
Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
22 May 2009  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009